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KUALA LUMPUR, June 25 - The government has no intention of imposing new taxes in the upcoming 2020 Budget especially in regards to the inheritance tax, says Finance Minister Lim Guan Eng.

He said there are a lot of rumours alleging that Pakatan Harapan government intended to introduce inheritance tax.

"It is unlikely. If there are, it is just a follow up of what we have announced in 2019 Budget," he told reporters during Malaysia SME Business Summit, today.

Speculation about the introduction of inheritance tax has been swirling since prior to the tabling of the 2019 Budget, which the market feared would discourage investors' interest, especially on Bursa Malaysia.

The government, however, did propose ways to increase its tax revenue including via the special voluntary disclosure programme which allows taxpayers to voluntarily declare any unreported income, including income kept in offshore accounts.

Asked on the performance of the small and medium enterprises (SMEs) during the first half of 2019, Lim said the government acknowledged numerous challenges faced by them, including issues on access to financing as well as on the rescheduling and restructuring of loans.

"Some companies would like to reschedule their loans for a longer term so that they can improve their cash flow and they will still pay on time, but the problem is some banks will classify them as a non-performing loan (NPL).

"That should not be the case and Bank Negara is going to inform the banks that they cannot classify the SMEs as NPL," he said.

Earlier in his speech, the finance minister said the government has been supporting and nudging the SMEs towards digital transformation. In February this year, the government launched a new guarantee scheme worth RM2 billion through Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Bhd to help Malaysian SMEs make the leap towards Industry 4.0.

Additionally, RM1 billion is dedicated to bringing the Bumiputera SMEs up, which is part of RM6.5 billion SJPP guarantee scheme to ease SMEs' access to financing.

"The government also provides an RM3 billion Industry Digitalisation Transformation Fund under Bank Pembangunan Malaysia Bhd (BPMB) to accelerate the adoption of new technology including artificial intelligence, automation, big data and robotics among Malaysian companies".

Lim also said another challenges faced by the SMEs are the civil service.

"Sometimes they still give problems, we still need to get them to support the government's policies initiatives. We do get a lot of complaints, (such as) deliberately making things difficult for business, but that will take time.

"You cannot overcome 61 years in one year, so we hope they can be patient, let us deal with step by step, stage by stage," he said while emphasizing on the need for SMEs to embrace the digital world.

In 2017, SMEs contributed 37 per cent to the Malaysian gross domestic product and that figure is expected to rise to 41 per cent by next year.

SMEs is also the biggest employer in the country, employing two-thirds of all workers in Malaysia and made up 98.5 per cent of all business establishments in the country. -- BERNAMA